

with any provision of the Act and this part or any other applicable law.

(2) *Limitation.* HUD will review the housing plan only to the extent that HUD considers that the review is necessary.

(3) *Incomplete plans.* If HUD determines that any of the required certifications are not included in the housing plan, the plan shall be considered to be incomplete. HUD may also consider a housing plan to be incomplete if it does not address all of the requirements of § 1006.101, and the DHHL has not requested a waiver of the missing requirement.

(b) *Notice*—(1) *In general.* Not later than 60 days after receiving the housing plan, HUD will notify the DHHL whether or not the plan complies with applicable requirements.

(2) *Notice of reasons for determination of noncompliance.* If HUD determines that the contents of the housing plan do not comply with the requirements of § 1006.101, or are not consistent with information and data available to HUD, or are prohibited by or inconsistent with any provision of the Act and this part or any other applicable law, HUD will specify in the notice under paragraph (b)(1) of this section:

- (i) The reasons for noncompliance; and
- (ii) Any modifications necessary for the plan to be in compliance.

(3) *Effect of HUD's failure to take action.* If HUD does not notify the DHHL, upon the expiration of the 60-day period described in paragraph (a)(1) of this section, the plan shall be considered to have been determined to comply with the requirements under § 1006.101 and the DHHL shall be considered to have been notified of compliance.

Subpart C—Eligible Activities

§ 1006.201 Eligible affordable housing activities.

Eligible affordable housing activities are development, housing services, housing management services, crime prevention and safety activities and model activities. NHHBG funds may only be used for eligible activities that are consistent with the DHHL's housing plan.

§ 1006.205 Development.

(a) NHHBG funds may be used for the acquisition, new construction, reconstruction, or moderate or substantial rehabilitation of affordable housing for homeownership or rental, which may include:

- (1) Real property acquisition;
- (2) Acquisition of affordable housing;
- (3) Financing acquisition of affordable housing by homebuyers through:
 - (i) Down payment assistance;
 - (ii) Closing costs assistance;
 - (iii) Direct lending; and
 - (iv) Interest subsidies or other financial assistance
- (4) New construction of affordable housing;
- (5) Reconstruction of affordable housing;
- (6) Moderate rehabilitation of affordable housing, including but not limited to:
 - (i) Lead-based paint hazards elimination or reduction;
 - (ii) Improvements to provide physical accessibility for disabled persons; and
 - (iii) Energy-related improvements;
- (7) Substantial rehabilitation of affordable housing, including but not limited to:
 - (i) Lead-based paint hazards elimination or reduction;
 - (ii) Improvements to provide physical accessibility for disabled persons; and
 - (iii) Energy-related improvements;
- (8) Site improvement, including recreational areas and playgrounds for use by residents of affordable housing and on-site streets and sidewalks;
- (9) The development of utilities and utility services;
- (10) Conversion;
- (11) Demolition;
- (12) Administration and planning; and
- (13) Other related activities, such as environmental review and architectural and engineering plans for the affordable housing project.

(b) *Multi-unit projects.* NHHBG funds may be used to assist one or more housing units in a multi-unit project. Only the actual NHHBG eligible development costs of the assisted units may be charged to the NHHBG Program. If the assisted and unassisted units are not comparable, the actual costs may be determined based upon a method of